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May 13, 2003

Mr. Howard M. Spinner (attn: Mr. Dave Eichenlaub)
Division of Economics and Finance, SCC

Dear Mr. Spinner:

Your letter of April 16 asks for comments in connection with upcoming 3d Annual Report to the Legislative Transition Task Force (LTTF), pursuant to Sect. 56-596 B. The report is expected to cover three topics. As one of the very limited voices on behalf of the general public, I submit my comments and recommendations, as follows:

(A) In spite of my extensive involvement in this subject for over 2 years in the General Assembly, and in the hearings before the SCC in the Dominion Virginia Power case, I am not able to provide in depth comment on the several issues raised in your letter, but will do my best..

It should be recognized that the general public cannot deal with the simple aspects of electric deregulation and Choice, much less with the technical issues such as wires charges, stranded costs, etc. which are far more complex.

Most of the impetus, and emphasis, and the Stakeholders, in deregulation arise from the desire of the utilities to sell their power generated in Virginia to consumers in other areas who are now paying higher rates than we do in Virginia, and to avoid their obligation to their present customers, and from the desires of larger industrial interests to benefit from possible lower rates.. The proposed protections of the public are inadequate !!! (See my response to Mr. Williams, of last June 15, 2002, copy attached, which remains appropriate.)

We need to stop deregulation, and rebundle and roll-back to the fully regulated status. The details and views set forth in the large 2 Vol. Annual Report of the SCC last Aug. 30, and in the Blue Cover report as per SB 684 dated Nov. 30, 2002, and in the Addendum (yellow cover) report filed Jan 3, 2003, are strong supporting reasons, and have been further reinforced by subsequent events and information.

(B) Reponding specifically to the questions raised in your letter of April 16, as follows:

(1) The current obstacles to development of a robust (or any) competitive retail electricity market for Virginia residential customers are that we now have low rates, good service, and a fine prosperous major power company (Dominion). The only way this can be overcome is to increase the amount that Virginia residential users have to pay for electricity !!

(2) Natural gas prices are probably going to stay relatively high, and that fuel is of greater importance for home heating and other uses. Large use for electric generation, and other heavy industrial purposes should be discouraged. We should promote increased use of nuclear, coal, and water power, and perhaps oil, for electric generation.

(2)

(3) The only way we can be assured of reliable generating capacity for Virginia residents is for the SCC to have full regulatory control, as it had for about 100 years.

(4) FERC has apparently issued its paper, and I am not able to find any assurance of protection of the Virginia general public. What I have read increased my concern !!!

(5) The Commission's rules governing retail access are not doing any good. They are too complicated for the public to handle. The way to improve the rules is to eliminate the need for them, by stopping deregulation.

(6) The consumer education program has been almost a total waste, and the public has paid no attention to the material which they have been receiving for about 2 years. The program should be stopped, or largely curtailed, until there is some real lower cost "Choice" available to the general public.

(7) I have not heard of any other successful deregulation programs in any state. I have read that legislators in California are proposing to stop deregulation and go back to the old system.

(8) I have no suggestions to facilitate competitive activity in Virginia.

I will try to attend the meeting at 9:30 on June 6.

Respectfully yours,

A handwritten signature in dark ink, appearing to read 'Urchie B. Ellis', with a long horizontal flourish extending to the right.

Urchie B. Ellis,

Va. State Bar No. 5422